

CHAPTER 111

TARGETED JOBS WITHHOLDING CREDITS — QUALIFYING INVESTMENTS AND AGREEMENTS

S.F. 433

AN ACT relating to the requirements and administration of the targeted jobs withholding credit pilot project and including applicability provisions.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 403.19A, subsection 1, paragraphs c, e, f, and g, Code 2013, are amended to read as follows:

c. “Employer” means a business creating or retaining targeted jobs in an ~~urban renewal area~~ of a pilot project city pursuant to a withholding agreement.

e. “Qualifying investment” means a capital investment in real property including the purchase price of land and existing buildings, site preparation, building construction, and long-term lease costs. “Qualifying investment” also means a capital investment in depreciable assets. For purposes of this paragraph, “long-term lease costs” means those costs incurred or expected to be incurred under a lease during the duration of a withholding agreement.

f. “Targeted job” means a job in a business which is or will be located in an ~~urban renewal area~~ of a pilot project city that pays a wage at least equal to the countywide average wage. “Targeted job” includes new or retained jobs from Iowa business expansions or retentions within the city limits of the pilot project city and those jobs resulting from established out-of-state businesses, as defined by the economic development authority, moving to or expanding in Iowa.

g. “Withholding agreement” means the agreement between a pilot project city, the economic development authority, and an employer concerning the targeted jobs withholding credit authorized in subsection 3.

Sec. 2. Section 403.19A, subsection 1, Code 2013, is amended by adding the following new paragraph:

NEW PARAGRAPH. *Of.* “Retained job” means a full-time equivalent position in existence at the time an employer applies to the authority for approval of a withholding agreement and which remains continuously filled and which is at risk of elimination if the project for which the employer is seeking assistance under the withholding agreement does not proceed.

Sec. 3. Section 403.19A, subsection 3, paragraphs a, b, c, and f, Code 2013, are amended to read as follows:

a. A pilot project city may provide by ordinance resolution for the deposit into a designated account ~~in the special withholding project fund described in section 403.19, subsection 2,~~ of the targeted jobs withholding credit described in this section. The targeted jobs withholding credit shall be based upon the wages paid to employees pursuant to a withholding agreement.

b. An amount equal to three percent of the gross wages paid by an employer to each employee under a withholding agreement shall be credited from the payment made by the employer pursuant to section 422.16. If the amount of the withholding by the employer is less than three percent of the gross wages paid to the employees covered by the withholding agreement, the employer shall receive a credit against other withholding taxes due by the employer or may carry the credit forward for up to ten years or until depleted, whichever is the earlier. The employer shall remit the amount of the credit quarterly, in the same manner as withholding payments are reported to the department of revenue, to the pilot project city to be allocated to and when collected paid into a designated ~~account in the special withholding project fund for the urban renewal area in which the targeted jobs are located project.~~ All amounts so deposited shall be used or pledged by the pilot project city for an urban renewal project related to the employer pursuant to the withholding agreement.

c. (1) The pilot project city and the economic development authority shall enter into a withholding agreement with each employer concerning the targeted jobs withholding credit.

The withholding agreement shall provide for the total amount of withholding credits awarded, as negotiated by the economic development authority, the pilot project city, and the employer. An agreement shall not provide for an amount of withholding credits that exceeds the amount of the qualifying investment made in the project. An agreement shall not be entered into by a pilot project city with a business currently located in this state unless the business either creates or retains ten new jobs or makes a qualifying investment of at least five hundred thousand dollars within the urban renewal area pilot project city. The withholding agreement may have a term of years negotiated by the economic development authority, the pilot project city, and the employer, of up to ten years. A withholding agreement specifying a term of years or a total amount of withholding credits shall terminate upon the expiration of the term of years specified in the agreement or upon the award of the total amount of withholding credits specified in the agreement, whichever occurs first. An employer shall not be obligated to enter into a withholding agreement. An agreement shall not be entered into with an employer not already located in a pilot project city when another Iowa community is competing for the same project and both the pilot project city and the other Iowa community are seeking assistance from the authority.

(2) The pilot project city and the economic development authority shall not enter into a withholding agreement after June 30, 2013 2018.

(3) The employer, in conjunction with the pilot project city, shall provide on an annual basis to the economic development authority information documenting the total amount of payments and receipts under a withholding agreement, including all agreements with an employer to suspend, abate, exempt, rebate, refund, or reimburse property taxes, to provide a grant for property taxes paid or a grant not related to property taxes, or to make a direct payment of taxes, with moneys in the special withholding project fund. The economic development authority shall verify the information provided by the pilot project city and determine whether the pilot project city and the employer are in compliance with this section and the rules adopted by the economic development authority to implement this section.

(4) The economic development authority board, on behalf of the authority, shall have the authority to approve or deny a withholding agreement and according to the provisions of this section. Each withholding agreement, and the total amount of withholding credits allowed under the withholding agreement, shall be approved by the economic development authority board after taking into account the incentives or assistance received by or to be received by the employer under other economic development programs. The economic development authority board shall only deny an agreement if the agreement fails to meet the requirements of this paragraph "c" or the local match requirements in paragraph "j", or if an employer is not in good standing as to prior or existing agreements with the economic development authority. The authority shall have the authority to negotiate a withholding agreement and may suggest changes to any of the terms of the agreement.

f. If the economic development authority, following an eighteen-month performance period beginning on the date the withholding agreement is approved by the authority board, determines that the employer ceases to meet the requirements of the withholding agreement relating to retaining jobs, if applicable, the agreement shall be terminated by the economic development authority and the pilot project city and any withholding credits for the benefit of the employer shall cease. However, in regard to the number of jobs that are to be created or retained, if the employer has met the number of jobs to be created or retained pursuant to the withholding agreement and subsequently the number of jobs falls below the required level, the employer shall not be considered as not meeting the job requirement until eighteen months after the date of the decrease in the number of jobs created or retained. If the economic development authority, following a three-year performance period beginning on the date the withholding agreement is approved by the authority board, determines that the employer has not or is incapable of meeting the requirements of the withholding agreement relating to creating jobs, if applicable, or the requirement of the withholding agreement relating to the qualifying investment prior to the end of the withholding agreement, the economic development authority may reduce the future benefits to the employer under the agreement or negotiate with the other parties to terminate the agreement early. Notice shall be provided promptly by the pilot project city to the department of revenue following termination of a withholding agreement.

Sec. 4. Section 403.19A, subsection 3, paragraph d, subparagraph (1), Code 2013, is amended to read as follows:

(1) A copy of the adopted local development agreement plan of between the pilot project city and the employer that outlines local incentives or assistance for the project using urban renewal or urban revitalization incentives, if applicable.

Sec. 5. Section 403.19A, subsection 3, Code 2013, is amended by adding the following new paragraph:

NEW PARAGRAPH. *Of.* Pursuant to rules adopted by the economic development authority, the pilot project city shall provide on an annual basis to the economic development authority information documenting the compliance of each employer with each requirement of the withholding agreement, including but not limited to the number of jobs created or retained and the amount of investment made by the employer. The economic development authority shall, in response to receiving such information from the pilot project city, assess the level of compliance by each employer and provide to the pilot project city recommendations for either maintaining employer compliance with the withholding agreement or terminating the agreement for noncompliance under paragraph “f”. The economic development authority shall also provide each such assessment and recommendation report to the department of revenue.

Sec. 6. APPLICABILITY.

1. Except as provided in subsection 2, this Act applies to withholding agreements entered into on or after the effective date of this Act and withholding agreements entered into by a pilot project city prior to the effective date of this Act shall be governed by section 403.19A, Code 2013.

2. The section of this Act enacting section 403.19A, subsection 3, paragraph “Of”, applies to withholding agreements entered into prior to the effective date of this Act or entered into on or after the effective date of this Act.

Approved May 16, 2013